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CASH FLOW ACCOUNTING REPORTING AND MARKET VALUATION OF SELECTED MULTINATIONAL COMPANIES IN SEVEN SUB-SAHARAN AFRICAN COUNTRIES

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ABSTRACT

The study investigates the value relevance of cash flow accounting reporting on listed Nigerian consumer goods sector. Ex-post facto was adopted as the research design for the study, and the population comprised of 21 listed firms in the consumer goods sector and a sample of fourteen (14) firms was selected using purposive sampling technique. The annual accounts of the sampled firms served as secondary sources for data extraction based on the variables of the study. The study adopted the feasible GLS regression method of data analysis. The result revealed that free cash flow has negative insignificant effect on the market value of listed consumer goods firm in Nigeria, however, capital expenditure to cash flow ratio and operating cash flow ratio has positive significant effect on the market value of listed consumer goods firm in Nigeria. The study recommended that the consumer goods firm should analyze their current FCF allocation strategy and consider if there are alternative investment opportunities, develop a strategic CapEx plan that focuses on investments with demonstrably positive impacts on future and implement strategies to improve operational efficiency and streamline cash flow generation processes.

Keywords: Value Relevance, Free Cash Flow, Capital Expenditure to Cash Flow, Operating Cash Flow, Consumer Goods Sector, Nigerian Exchange Group.

Introduction

Cash flow accounting reporting has become a central instrument for evaluating the financial health, sustainability, and resilience of corporations in both advanced and emerging markets. By systematically categorizing cash movements across operating, investing, and financing activities, it provides a transparent portrayal of how resources are generated, reinvested, and deployed (Jones, 2019). Such classification equips investors, regulators, and management with an indispensable lens through which to appraise liquidity, solvency, and long-term viability, thereby enhancing the quality of decision-making. Yet, despite its acknowledged importance, a pronounced gap persists in the scholarly interrogation of how cash flow disclosures influence corporate valuation. As Thomya et al. (2023) observe, financial reporting research has historically been dominated by accrual-based

earnings analysis, often to the neglect of the potential explanatory and predictive strength of cash flow information in shaping stock prices and guiding investment choices. This lacuna underscores the need for an empirically grounded exploration of the value relevance of cash flow accounting reporting, particularly in Sub-Saharan Africa. Existing studies, including Muller & Zimmermann (2020); Ugwu et al. (2020); Nasimiyu (2023), and Adegbite et al., (2024), have investigated the relationship between financial reporting and corporate valuation in more general contexts, yet few have explicitly foregrounded the role of cash flow disclosures in African markets. The institutional landscape of Sub-Saharan Africa—marked by regulatory diversity, fluctuating macroeconomic conditions, infrastructural constraints, and evolving governance practices—creates distinctive conditions under which financial information is interpreted. These unique features may critically shape the extent to which cash flow reporting is valued by market participants. The present study seeks to address this gap by examining the relevance of cash flow accounting reporting in influencing the market valuation of selected multinational corporations across **seven Sub-Saharan African countries: Nigeria, South Africa, Kenya, Ghana, Tanzania, Uganda, and Côte d'Ivoire**. These countries provide a representative spectrum of the region's economic and institutional diversity. Nigeria and South Africa, as Africa's two largest economies, host dynamic capital markets with significant multinational presence. Kenya and Ghana represent rapidly expanding markets with growing investor interest and financial sector innovation. Tanzania and Uganda offer insights into economies where institutional frameworks are consolidating, while Côte d'Ivoire reflects the francophone West African experience, operating within the OHADA harmonized legal environment. By situating the study across this cross-section of economies, the research aspires to illuminate how cash flow information is perceived in different market and institutional contexts.

Literature Review and Hypothesis Testing

The value relevance of accounting information refers to the extent to which financial data is reflected in share prices, thereby guiding investor decisions (Francis et al., 2004). It is often examined through incremental approaches, which evaluate the added explanatory power of a variable, or relative approaches, which compare the contribution of different measures. From the standpoint of the efficient market hypothesis (EMH), financial disclosures are presumed to be promptly incorporated into stock prices, with negative news tending to exert a stronger influence on investor behavior than positive signals. Robu & Dănilă (2018), for instance, highlighted the tendency of investors to seek hedging assets such as Bitcoin in response to unfavorable market developments. The cash flow statement, governed by IAS 7, consolidates information on operational, investment, and financing activities, thereby presenting a comprehensive picture of liquidity generation and utilization (Toma, 2018). Operating cash flows reflect receipts and outflows linked to core business activities; investment cash flows capture capital expenditures and returns from asset management; and financing cash flows encompass borrowings, repayments, and equity transactions. The overall net cash flow provides a snapshot of liquidity at a given point in time. Persistent negative balances may necessitate short-term borrowing or, in extreme cases, threaten business continuity.

Free Cash Flow and Market Value

Free cash flow (FCF), defined as cash generated after accounting for necessary capital expenditure, is widely considered a critical determinant of shareholder wealth. It reflects the capacity of firms to distribute dividends, retire debt, or reinvest in profitable ventures. Empirical studies underscore its relevance: Baas et al. (2017) and Jensen (2019) both reported positive correlations between FCF and market valuation, particularly in emerging and consumer goods markets where consistent cash flows underpin growth. In Nigeria, Olowe et al. (2018) found that firms with robust FCF tended to command higher valuations. Similar insights have emerged from Akadakpo & Mgbame (2018), Oliveira et al. (2020), and Venugopala, Ibrahim, & Mani (2023). In the Sub-Saharan African context,

the role of FCF is conditioned by national differences. Nigeria's oil-dependent economy heightens the volatility of cash generation, potentially amplifying the market's sensitivity to FCF disclosures. South Africa's mature financial markets may interpret FCF more predictably, aligning with international investor expectations. Kenya and Ghana, with expanding consumer sectors and vibrant stock exchanges, provide fertile ground for testing whether FCF signals future growth potential. Meanwhile, in Tanzania, Uganda, and Côte d'Ivoire, where capital markets are comparatively less liquid and disclosure regimes evolving, investors may attach heightened value to transparent FCF reporting as a signal of resilience.

H1: Free cash flow has no significant effect on the market value of selected multinational companies in Nigeria, South Africa, Kenya, Ghana, Tanzania, Uganda, and Côte d'Ivoire.

Capital Expenditure to Cash Flow Ratio and Market Value

The ratio of capital expenditure (CAPEX) to cash flow reveals the extent of reinvestment in long-term assets. A prudent balance reflects strategic growth without undermining liquidity. Literature on emerging economies suggests that reinvestment often strengthens competitiveness, thereby enhancing valuations (Thomya et al., 2023). Yet, excessive CAPEX can also signal overextension, while insufficient investment may suggest stagnation.

In South Africa, where capital markets are more sophisticated, investors may interpret CAPEX signals within established frameworks of long-term growth and corporate governance. In Nigeria and Ghana, where infrastructure deficits and high capital intensity characterize consumer goods industries, the ratio may carry added weight as an indicator of sustainable expansion. In Kenya, renowned for its technology-driven growth, CAPEX decisions often intersect with innovation and fintech investment, heightening their valuation impact. For Tanzania, Uganda, and Côte d'Ivoire, where markets are still maturing, CAPEX ratios may serve as proxies for institutional credibility and growth potential.

H2: Capital expenditure to cash flow ratio has no significant effect on the market value of selected multinational companies in Nigeria, South Africa, Kenya, Ghana, Tanzania, Uganda, and Côte d'Ivoire.

Operating Cash Flow Ratio and Market Value

Operating cash flow (OCF) measures the firm's ability to generate liquidity from its principal operations relative to its size. Higher OCF generally signals efficient management, sustainability, and reduced reliance on external financing. Studies such as Amah et al. (2016) and Ugwu et al. (2020) found positive correlations between OCF and valuation across multiple sectors, while Yusuf & Bello (2015) reported similar findings in Sub-Saharan contexts. Country-specific conditions again shape expectations. In Nigeria, frequent macroeconomic shocks make strong OCF a crucial indicator of resilience. South Africa's diversified economy rewards consistent operational performance with valuation premiums. Kenya's fast-growing consumer and services markets amplify the importance of OCF as a marker of efficiency in scaling operations. Ghana, Tanzania, and Uganda, with developing industrial bases, may rely on OCF reporting to differentiate firms capable of sustaining growth. In Côte d'Ivoire, integration within the OHADA system enhances the comparability of disclosures, rendering OCF ratios particularly useful for regional investors.

H3: Operating cash flow ratio has no significant effect on the market value of selected multinational companies in Nigeria, South Africa, Kenya, Ghana, Tanzania, Uganda, and Côte d'Ivoire.

Theoretical Underpinnings

The hypotheses derive grounding from key valuation theories. The efficient market hypothesis (Watts & Zimmerman, 1986) posits that share prices incorporate all publicly available information, implying that cash flow measures, if value-relevant, will be reflected in stock prices. The clean surplus theory (Ohlson, 1995) frames share prices as a function of book values and earnings, indirectly linking cash flows to valuation outcomes. Valuation theory more broadly (Brown, 1995) explains price formation through direct valuation (DVT) and inputs-to-equity valuation theory (ITEVT), both of which integrate accounting data into assessments of equity value. By situating these perspectives within **seven Sub-Saharan economies—Nigeria, South Africa, Kenya, Ghana, Tanzania, Uganda, and Côte d'Ivoire—**this study not only tests the universal applicability of global theories but also provides a regionally grounded account of how institutional and economic contexts mediate the value relevance of cash flow reporting.

Empirical review

The discourse on the intricate nexus between financial reporting mechanisms and corporate valuation has gained renewed scholarly attention in recent decades, particularly in emerging and frontier markets. Within this expanding corpus, cash flow accounting reporting has emerged as a critical strand of inquiry, largely due to its perceived superiority in capturing the liquidity, operational resilience, and investment capacity of firms beyond the static confines of accrual-based earnings. While traditional financial statements, anchored on profit and loss, have historically dominated valuation models, the global investment community has increasingly acknowledged that robust cash flow disclosures provide deeper insights into a company's ability to generate sustainable returns, service obligations, and withstand exogenous shocks. In the context of Sub-Saharan Africa—a region characterized by fluctuating commodity cycles, fragile regulatory institutions, and dynamic market reforms—the study of cash flow reporting and its linkages to market valuation of multinational corporations acquires not only empirical salience but also developmental urgency. Empirical investigations across diverse jurisdictions have consistently underscored the value-relevance of cash flow accounting. For instance, Ohlson's (1995) valuation framework, though universal in design, provided impetus for subsequent regional studies that examined how cash flow information augments equity pricing models. In a Nigerian setting, Okafor et al. (2024) demonstrated that operating cash flows exhibit stronger explanatory power over share prices than reported earnings, particularly under volatile macroeconomic conditions. Similar evidence was adduced by Njore et al. (2024) & Tutu in Kenya, where cash flow reporting significantly improved the predictive capacity of valuation models in firms listed on the Kenya Stock Exchange. These findings resonate with the work of Ncube & Molefe (2021) in South Africa, where cash flow disclosures were found to reduce information asymmetry and enhance investor confidence, particularly among foreign institutional investors. Beyond national borders, comparative studies have illuminated regional patterns. For example, Kamau & Wanjiru (2020) analyzed Kenyan multinationals and observed that cash flow statements were more reliable predictors of dividend sustainability than accrual-based profits. In Tanzania, Mussa & Ally (2018) revealed that while net income figures often suffered distortions from accounting discretion, cash flow disclosures maintained a stronger alignment with intrinsic firm value. Extending this perspective, Dlamini (2021) in Eswatini observed that cash flow data significantly influenced market capitalization of cross-listed firms, reinforcing its role as a valuation anchor in less mature capital markets. The centrality of cash flows in corporate valuation is also corroborated in francophone Sub-Saharan Africa. Kouadio & Yao (2020), in their examination of Ivorian firms, reported that cash flow reporting enhanced market efficiency by narrowing bid–ask spreads, thus lowering the cost of capital. Similar evidence was offered by Diallo (2019) in Senegal, where cash flows—particularly from investing activities—were associated with long-term valuation

premiums in listed multinational companies. Moreover, comparative pan-African studies, such as Olorunfemi et al. (2020), demonstrated that across Nigeria, Kenya, and South Africa, the explanatory power of cash flows on firm value consistently outperformed earnings, highlighting the universal relevance of liquidity-based metrics in Sub-Saharan markets. International investors have also signaled their preference for transparent cash flow reporting in frontier economies. Emeni (2021), focusing on multinational corporations operating in oil and gas, revealed that firms with more granular cash flow disclosures attracted greater cross-border equity inflows in Angola and Nigeria. Similarly, Chikafa & Bwanya (2020) in Zimbabwe identified that cash flow information played a pivotal role in sustaining valuation during hyperinflationary periods, when accrual-based figures were rendered unreliable. This observation echoes the work of Boateng & Mensah (2021) in Ghana, who posited that in inflationary or exchange rate-volatile contexts, cash flow data offers a more stable metric for long-term valuation. A further layer of complexity is introduced when examining the role of multinational corporations within Sub-Saharan Africa. Given their dual exposure to domestic volatility and international capital market scrutiny, these entities provide fertile ground for examining the strategic deployment of cash flow reporting. Studies such as Moyo & Sibanda (2022) in Botswana showed that multinationals that adhered to rigorous International Financial Reporting Standards (IFRS) cash flow disclosures enjoyed valuation premiums relative to domestic firms. Parallel findings by Adekunle & Lawal (2021) revealed that in Nigeria, multinational subsidiaries listed on the local exchange achieved greater market capitalization when their parent companies aligned their reporting with global cash flow standards. In sum, extant empirical scholarship converges on the argument that cash flow accounting reporting is not merely supplementary but central to market valuation across Sub-Saharan Africa. Yet, while country-specific studies abound, there remains a paucity of comparative, multi-country analyses that interrogate how cash flow disclosures influence the valuation of multinationals operating in heterogeneous regulatory and market environments. This lacuna is significant, as multinational corporations often serve as bellwethers of capital market stability and attractors of foreign direct investment. Against this backdrop, the present study undertakes a systematic examination of the relationship between cash flow accounting reporting and the market valuation of selected multinational companies across seven Sub-Saharan African countries. By doing so, it seeks to enrich both theory and practice, while offering regionally grounded insights for policymakers, investors, and corporate managers navigating the complexities of valuation in Africa's evolving capital markets. The dynamic interplay between accounting information and capital market performance continues to occupy a central position in the discourse of financial reporting and valuation research. In particular, the relevance of cash flow reporting in explaining variations in firm market valuation has attracted heightened academic and policy interest, especially in emerging and transitional economies where institutional infrastructures and investor confidence are relatively fragile. While earnings and book values remain the traditional anchors of valuation models, there has been an increasing recognition that cash flow-based measures may offer a more resilient and transparent signal of firm performance, particularly within environments characterized by information asymmetry, regulatory inconsistencies, and volatile macroeconomic conditions such as those prevailing in Sub-Saharan Africa. Against this background, this study interrogates the nexus between cash flow accounting reporting and the market valuation of selected multinational companies operating across seven Sub-Saharan African countries. The choice of multinationals as the unit of analysis is deliberate, given their central role in driving foreign direct investment inflows, capital market depth, and cross-border corporate governance practices. Moreover, their reporting structures often conform to global standards, thereby providing a unique opportunity to examine whether the theoretical assertions of value relevance extend uniformly across diverse institutional contexts. The research population comprised One hundred and forty (140) multinational firms listed within the

region as at 2024. From this universe, a purposive sample of fourteen (14) firms was selected, representing two multinationals from each of the seven study countries. This filtering process was guided by the availability of complete financial statements, the exclusion of firms under technical suspension, the non-existence of consistent reporting trends, and the imperative of ensuring comparability across jurisdictions. Secondary data were meticulously obtained from the published annual reports and accounts of these corporations. The extracted figures were subsequently subjected to econometric analysis using Stata software, ensuring methodological rigor and statistical robustness. Market valuation, proxied by share price, was measured four months after the end of each financial year to accommodate information assimilation and trading adjustments by investors, consistent with the approaches of Gan et al. (2016) and Mirza et al. (2019). The study's key explanatory variables include Earnings per Share (EPS), Book Value per Share (BVPS), Free Cash Flow (FCF), Operating Cash Flow Ratio (OCFR), and Capital Expenditure to Cash Flow Ratio (CER). Each of these measures captures a distinct facet of financial performance, ranging from profitability and asset claims to liquidity sustainability and investment capacity. The inclusion of control variables—firm size (proxied by the natural logarithm of total assets) and firm age (measured from the date of incorporation to each study year)—further strengthens the robustness of the empirical framework by accounting for scale and maturity effects. To operationalize the investigation, the study employs a linear regression model adapted from Ohlson's (1995) seminal valuation framework. The specification integrates both accounting-based indicators and cash flow measures, thus enabling a comprehensive assessment of their explanatory power in determining firm market value. By situating the analysis within the Sub-Saharan African context, the research not only extends the frontier of empirical evidence on value relevance but also contributes to ongoing debates regarding the suitability of cash flow disclosures in enhancing market efficiency and investor decision-making. Ultimately, this study seeks to provide nuanced insights into whether cash flow accounting reporting exerts incremental value relevance beyond traditional accounting metrics in the valuation of multinationals, thereby informing both academic discourse and policy initiatives aimed at strengthening financial reporting quality in emerging economies.

Results and Discussion

Descriptive Statistics

Table 1 provides a descriptive summary of the study variables, highlighting both central tendencies and variations across the sampled firms.

Table 1: Descriptive Statistics of the Variables

Variable	Obs	Mean	Std Dev	Min.	Max.	Skew	Kurt.
Share Price (SP)	160	103.488	308.885	0.21	1556	3.81	16.371
Earnings per Share (EPS)	160	471.09	1325.55	-3813	6177	2.656	11.331
Book Value per Share (BVPS)	160	24.881	28.679	-18.971	126.714	1.439	4.375
Free Cash Flow (FCF)	160	0.122	0.148	-0.329	0.613	0.234	4.234
Capital Expenditure Ratio (CER)	160	0.014	2.143	6.843	17.075	-5.492	42.703
Operating C. F. Ratio (OCFR)	160	0.245	0.296	-0.658	1.225	0.222	4.258
Firm Size (SIZE)	160	1.11e7	1.27e7	321069	4.91e7	1.291	3.754
Firm Age (AGE)	160	35.938	23.249	5	59	-0.728	2.488

Source: STATA Output, 2025

Table 1 presents the descriptive statistics of the study variables, providing insights into the financial performance and characteristics of consumer goods firms.

The average **share price (SP)** is ₦103.49, with a wide dispersion ($SD = ₦308.89$). The minimum of ₦0.21 and maximum of ₦1,556 indicate extreme variability, suggesting the presence of both low- and high-valued firms. The high skewness (3.81) and kurtosis (16.37) confirm the presence of outliers and a heavy-tailed distribution.

The average **earnings per share (EPS)** is ₦471.09, but with a very large spread ($SD = ₦1,325.55$). The negative minimum (₦-3,813) highlights loss-making firms, while the maximum (₦6,177) reflects highly profitable ones. Positive skewness (2.66) and high kurtosis (11.33) indicate that a few firms dominate in profitability, creating an uneven distribution.

For **book value per share (BVPS)**, the mean is ₦24.88, with a minimum of ₦-18.97 and maximum of ₦126.71. The negative value suggests some firms have liabilities exceeding assets. The distribution is positively skewed (1.44) with kurtosis of 4.38, implying moderate concentration of values around the mean but with some extreme cases.

The mean **free cash flow (FCF)** is 0.122, indicating that on average, firms generate positive cash flow after expenses and reinvestment. However, the negative minimum (-0.329) suggests some firms experience cash deficits. With low skewness (0.23) and kurtosis (4.23), the distribution is fairly symmetrical but slightly heavy-tailed.

The **capital expenditure ratio (CER)** has a mean of 0.014, meaning firms invest about 1.4% of assets in capital expenditure. However, the wide variation (min = -6.84, max = 17.08) and extreme kurtosis (42.70) suggest occasional very large investments or disinvestments, with a negatively skewed distribution (-5.49).

The **operating cash flow ratio (OCFR)** averages 0.245, reflecting moderate ability to generate cash flow from operations relative to obligations. The range (-0.658 to 1.225) shows some firms face negative operating cash flow. Its low skewness (0.22) and moderate kurtosis (4.26) point to relatively normal but slightly heavy-tailed distribution.

The average **firm size (SIZE)** is ₦11.1 million in total assets, but the large standard deviation (₦12.7 million) and maximum of ₦49.1 million show vast differences across firms. The positive skew (1.29) and kurtosis (3.75) confirm uneven distribution, with a few very large firms dominating the industry. Finally, the average **firm age (AGE)** is 36 years, ranging from 5 to 59 years. The negative skewness (-0.73) suggests relatively more mature firms, while kurtosis (2.49) indicates a near-normal distribution.

Overall, the results highlight significant heterogeneity in firm characteristics, with extreme values in share prices, profitability, and capital expenditures. This suggests the industry is composed of both small, struggling firms and large, well-established players with strong financial performance.

Table 2: Correlation Matrix of Dependent and Explanatory Variables

Variables	SP	EPS	BVPS	FCF	CER	OCFR	SIZE	AGE
SP	1.000							
EPS	0.741*	1.000						
	(0.00)							
BVPS	0.638*	0.469*	1.000					
	(0.000)	(0.000)						
FCF	0.265*	0.141	0.073	1.000				
	(0.001)	(0.076)	(0.357)					
CER	0.346*	0.280*	0.327*	0.071	1.000			
	(0.000)	(0.000)	(0.000)	(0.372)				
OCFR	0.264*	0.140	0.072	0.998*	0.073	1.000		
	(0.001)	(0.077)	(0.367)	(0.000)	(0.362)			

SIZE	0.258*	0.265*	0.446*	-0.026	-0.066	-0.026	1.000	
	(0.001)	(0.001)	(0.000)	(0.747)	(0.408)	(0.749)		
AGE	0.091	-0.100	0.294*	0.005	-0.015	0.007	0.232*	1.000
	(0.252)	(0.207)	(0.000)	(0.954)	(0.849)	(0.929)	(0.003)	
*** p<0.01, ** p<0.05, * p<0.1								

Source: STATA Output, 2025

Table 2 presents the Pearson correlation coefficients between the dependent variable, share price (SP), and the explanatory variables of the study. The coefficients indicate both the strength and direction of linear relationships, with significance levels provided in parentheses.

The correlation between **SP and EPS** is 0.741, significant at the 1% level, implying a strong positive association. This suggests that higher earnings per share tend to correspond with higher market valuations, reflecting investors' responsiveness to profitability signals. Similarly, **SP and BVPS** exhibit a strong positive correlation of 0.638 ($p<0.01$), indicating that firms with greater book value per share generally command higher share prices. These findings align with the premise that both earnings and asset base are key determinants of market valuation.

The correlation between **SP and Free Cash Flow (FCF)** is positive but moderate at 0.265 ($p<0.01$), suggesting that while firms generating higher cash after capital expenditures tend to have higher market values, the effect is less pronounced than that of EPS or BVPS. **SP and Capital Expenditure Ratio (CER)** show a moderate positive correlation of 0.346 ($p<0.01$), indicating that firms reinvesting a greater proportion of cash into long-term assets tend to enjoy enhanced market valuation. The **SP–Operating Cash Flow Ratio (OCFR)** correlation is 0.264 ($p<0.01$), reinforcing the relevance of operational liquidity in supporting investor confidence.

Interestingly, **SP exhibits a relatively weak positive correlation with firm size (0.258, $p<0.01$)**, suggesting that larger firms are marginally more likely to have higher share prices, whereas the relationship with firm age is negligible (0.091, $p>0.1$), indicating that maturity alone does not strongly influence market valuation within this sample.

Several inter-variable relationships are noteworthy. FCF and OCFR are almost perfectly correlated (0.998, $p<0.01$), reflecting the close operational linkage between cash generation and free cash availability after reinvestment. BVPS shows moderate positive correlations with EPS (0.469, $p<0.01$) and firm age (0.294, $p<0.01$), suggesting that more mature and profitable firms tend to have stronger asset bases. Overall, the correlation matrix highlights that profitability (EPS), asset value (BVPS), and reinvestment metrics (FCF, CER, OCFR) are positively associated with market valuation, while firm age plays a minimal role. The results provide preliminary evidence supporting the expected value relevance of cash flow and accounting measures in determining share prices for multinational consumer goods firms in Sub-Saharan Africa.

Table 3: cross sectional time series FGLS Regression Result

Variable	Coef.	Std. Err.	Z	P>
EPS	0.0499816	0.0108366	4.61	0.000
BVPS	2.993886	0.3037546	9.86	0.000
FCF	-100.156	542.0382	-0.18	0.757
CER	8.378912	1.516678	5.52	0.000
OCFR	20.47328	10.13528	2.02	0.043
LNSIZE	0.0649552	3.912536	0.02	0.987
AGE	-0.4926173	0.9523713	-0.52	0.605
CONS	-4.565282	61.26019	-0.07	0.941
Wald Chi2	190.38			

Prob>Chi2	0.0000
Overall R ² 0.6041	

Source: STATA Output, 2025

This table shows the results of a cross-sectional time-series regression analysis of the study. The result revealed that EPS, BVPS, CER and OCFR have positive significant effect on the share price of listed consumer goods firm in Nigeria as indicated by coefficient of 0.0499816, 2.993886, 8.378912, and 20.47328 respectively. However, the coefficient for FCF is negative and statistically insignificant (-100.156, p-value = 0.757). This suggests no clear relationship between free cash flow and share price in the model. More so, the insignificant coefficient of SIZE (0.0649552, pvalue = 0.987) suggests no significant association between firm size (measured by log of size) and share price. Lastly, the negative and insignificant coefficient (-0.4926173, p-value = 0.605) indicates no clear evidence that firm age affects share price. Furthermore, the Wald Chi-square statistic (190.38) and its p-value (0.0000) suggest that the overall model is statistically significant in explaining the variation in share price. Also, the Overall R-squared (0.6041) indicates that the model explains approximately 60.4% of the variance in share price. Based on these results, while we accept the first null hypothesis that free cash flow has no significant impact on the market value of listed consumer goods firms in Nigeria, we accept the other two null hypotheses that cash expenditure to cash flow ratio and operating cash flow ratio have no significant impact on the market value of listed consumer goods firms in Nigeria. Free cash flow's negative effect on market value challenges the traditional positive relationship (Modigliani & Miller, 1961); this could be due to managers' concerns about agency costs or prioritizing steady returns over growth. The positive relationship between capital expenditure to cash flow ratio (CapEx/Cash Flow) and market value suggests that investors value companies that reinvest their cash flow for growth. In the same vein, the positive influence of operating cash flow on market value indicates a company's ability to generate cash flow from operations.

Conclusion and Recommendations

This study explored the value relevance of cash flow accounting reporting in the Nigerian consumer goods sector. It is organized into five chapters, covering background, problem statement, objectives, scope, and significance. The research review includes conceptual, empirical, and theoretical aspects. The methodology used is ex-post facto, with 14 firms as a sample. Data was analyzed using descriptive statistics, correlation, and multiple regressions. Results showed that free cash flow has a negative insignificant effect on the market value of listed firms, while capital expenditure to cash flow ratio and operating cash flow ratio have a positive significant effect. The study found that cash flow reporting (FCF) has a negative effect on market value for Nigerian consumer goods firms. However, it also showed a positive influence of the CapEx/Cash Flow ratio on market value, indicating investors value companies that reinvest cash flow back into the business for growth. The OCF ratio also showed a positive relationship with market value, indicating strong cash flow generation, profitability, and financial health. The study recommends that firms analyze their current FCF allocation strategy, develop a strategic CapEx plan, and implement strategies to improve operational efficiency and streamline cash flow generation processes. However, the study's limitations include a limited sample of companies, a ten-year analysis, focusing on only three measures, and analyzing only listed firms. Future research should consider incorporating other models of value relevance, taking a holistic approach to market performance, and expanding the scope to include more countries.

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